

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-03 SIL-01 OMB-01 /063 W

----- 109197

R 141834Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5705

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS LONDON 14938

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: U.K. TRADE AND CURRENT ACCOUNT IN OCTOBER

SUMMARY: IN OCTOBER, THE U.K. RECORDED A VISIBLE TRADE DEFICIT OF 440 MILLION POUNDS (S.A.). OF THIS AMOUNT, 330 MILLION POUNDS WAS DUE TO TRADE IN PETROLEUM AND 110 MILLION POUNDS IN NON-OIL TRADE. PROVISIONAL ESTIMATES SHOW EXPORTS OF 1,325 MILLION POUNDS (S.A, FOB) AND IMPORTS OF 1,765 MILLION POUNDS (S.A., FOB). THE BALANCE ON SERVICES AND OTHER CURRENT TRANSACTIONS (IN-VISIBLE TRADE) IS ESTIMATED TO HAVE BEEN RUNNING AT A MONTHLY SURPLUS OF 105 MILLION POUNDS, RESULTING IN A CURRENT ACCOUNT DEFICIT OF 335 MILLION POUNDS. END SUMMARY

1. IN OCTOBER, THE U.K. HAD A VISIBLE TRADE DEFICIT OF 440 MILLION POUNDS (S.A., FOB, B/P BASIS), OF WHICH 330 UNCLASSIFIED

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MILLION POUNDS WAS ACCOUNTED FOR BY A TRADE DEFICIT IN

PETROLEUM AND PETROLEUM PRODUCTS AND 110 MILLION POUNDS IN NON-OIL GOODS. THIS COMPARES WITH A VISIBLE TRADE DEFICIT IN SEPTEMBER OF 373 MILLION POUNDS (REVISED) WHICH WAS COMPOSED OF AN OIL-TRADE DEFICIT OF 301 MILLION POUNDS AND A NON-OIL TRADE DEFICIT OF 72 MILLION POUNDS (REVISED). THE DETERIORATION IN THE TRADE BALANCE OF 67 MILLION POUNDS REFLECTS AN INCREASE IN THE OIL-TRADE DEFICIT BY 29 MILLION POUNDS AND OF THE NON-OIL TRADE DEFICIT BY 38 MILLION POUNDS. IN THIRD QUARTER (LATEST AVAILABLE DATA) THERE WAS AN IMPROVEMENT OVER SECOND QUARTER IN THE TERMS OF TRADE OF 4-1/2 PERCENT (4 PERCENT IF FUELS ARE EXCLUDED). HOWEVER, THE IMPROVEMENT RESULTED SOLELY FROM AN INCREASE IN THE PRICE OF U.K. EXPORTS RELATIVE TO U.K. IMPORTS FOR IN VOLUME TERMS, THERE WAS NEGLIGIBLE CHANGE BETWEEN THE QUARTERS.

2. THE VALUE OF U.K. EXPORTS IN OCTOBER WAS 1,325 MILLION POUNDS (S.A., FOB, B/P BASIS) COMPARED TO 1,415 MILLION POUNDS (REVISED) IN SEPTEMBER. EXPORTS OF MANUFACTURES HAVE INCREASED BY 10 PERCENT IN THE LATEST THREE MONTHS, IN CONTRAST TO SHIPMENTS OF NON-MANUFACTURES WHICH FELL BY NEARLY 4 PERCENT.

3. THE VALUE OF U.K. IMPORTS IN OCTOBER WAS 1,765 MILLION POUNDS (S.A., FOB, B/P BASIS) COMPARED TO SEPTEMBER IMPORTS OF 1,788 MILLION POUNDS (REVISED). IN THE MAJOR COMMODITY GROUPS, MOST NOTABLE CHANGES IN IMPORTS WERE: IMPORTS OF FOOD, BEVERAGES AND TOBACCO FELL BY 3 PERCENT, IMPORTS OF INDUSTRIAL MATERIALS AS A WHOLE WERE ONE PERCENT LOWER, WHILE IMPORTS OF FINISHED MANUFACTURES IN TOTAL WERE ONE PERCENT HIGHER WITH ARRIVALS OF ROAD MOTOR VEHICLES UP BY ABOUT 32 PERCENT AND MACHINERY UP BY 3 PERCENT.

4. DATA ON INVISIBLES ARE PUBLISHED ON A QUARTERLY BASIS BUT CONTINUE TO BE ESTIMATED AT A MONTHLY SURPLUS OF 105 MILLION POUNDS. THUS, THE VISIBLE TRADE DEFICIT OF 440 MILLION POUNDS COMBINED WITH AN INVISIBLE SURPLUS OF 105 MILLION POUNDS YIELD A CURRENT ACCOUNT DEFICIT FOR OCTOBER OF 325 MILLION POUNDS (S.A.). A WIDENING OF THE UNCLASSIFIED

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DEFICIT BY 67 MILLION POUNDS OVER SEPTEMBER.

5. THE CUMULATIVE TOTALS FOR THE FIRSTTEN MONTHS OF 1974 IN THE VISIBLE ACCOUNT COMPARED TO 1973 ARE:

	EXPORTS	IMPORTS	BALANCE
1973	9,410	11,164	- 1,754
1974	12,657	16,923	- 4,266

NOTE: FIGURES INCLUDE PROVISIONAL DATA FOR OCTOBER 1974

AND LATEST REVISIONS FOR EARLIER DATA. ALL FIGURES ARE
F.O.B., S.A., B/P BASIS, IN MILLIONS OF POUNDS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON14938
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740329-0388
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741144/aaaabkwl.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 NOV 2002 by martinml>; APPROVED <21-Nov-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.K. TRADE AND CURRENT ACCOUNT IN OCTOBER SUMMARY: IN OCTOBER, THE U.K. RECORDED A VISIBLE TRADE
TAGS: EFIN, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005